

ABSTRACT

A method and system for settling a transaction with trade credit value which makes use of computer hardware and software, allows Members of a trade credit settlement system to transfer electronic instruments, called trade credits, in exchange for goods and services. These trade credits are effectively electronic bills of exchange that are divisible, transferable, discountable, continuously available and have been credit-enhanced to A1/P1 status. Sponsors facilitate the system by registering buyers and suppliers as Members in the system and offering them operational accounts and drawdown accounts with authorized lines of credit. A Member-buyer approves the purchase invoice of a Member-supplier and authorizes the Sponsor to transfer trade credit value from the Member-buyer's operational and/or drawdown account into the operational account of the Member-supplier. The trade credit value received by the Member-supplier can be held in the Member-supplier's operational account until it matures, or discount it to cash before it matures, or transfer it to other Members for the purchase of goods or services.

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